

## **PURCHASING CARD PCARD POLICY**

**SCOPE:** This policy covers employees of Centra.

### **PURPOSE:**

The Centra Purchasing Card Program (P-Card) is the corporate credit card for Centra. The P-Card is to be used in the same manner as a credit card except that the transactions are managed in an on-line website. The on-line website provides transparency of purchasing activities and a portal to administer the system.

The purpose of these policies and procedures is to accomplish the following:

- To ensure P-Card purchases are in accordance with Centra policies, and procedures.
- To ensure P-Cards are issued appropriately.
- To ensure P-Cards are used appropriately and only for appropriate purchases.
- To ensure P-Card transactions are properly documented.
- To ensure that Centra bears no legal liability for inappropriate use of P-Cards.
- To provide for actions if the P-Cards are misused.

The P-Card Program is not intended to circumvent the Material Management procurement policies and procedures (Policy IDs ADM.07.02.12, ADM.07.02.13, ADM.07.02.14, ADM.07.02.15, ADM.07.02.52, & ADM.07.02.01), and Accounts Payable payment procedures (Policy IDs FI-2013.04, ORG.07.02.01, & ORG.04.02.01).

A list of approved and not approved items for purchase via the P-Card is distributed to each card holder. This list is subject to review and is not all inclusive. Specific questions can be directed to the Purchasing Manager, in Materials Management.

**DEFINITIONS:** None

### **POLICY:**

Each P-Card is issued to a named individual and Centra is named on the card as the buyer. The employee named on the card is responsible and held accountable for all charges made on the card. It is the policy of Centra that all purchases made via the P-Card will be intended for the benefit of the company for allowed expenses as outlined in the "Allowed P-Card Expenditures" list, will be accompanied by the appropriate documentation, and will be subject to approval by the cardholder's next level supervisor.

### **APPLICABLE CENTRA POLICIES**

All purchases of goods or services must be in accordance with the applicable materials Management and Accounts Payable policies. Examples of applicable policies are:

- Centra Purchasing Policy (Policy ID ORG.07.02.01)
- Purchase Authorization (Policy ID FI-2013.04)
- Accounts Payable Travel and Business Expense Guidelines (Policy ID ORG.04.02.01)

### **ELIGIBILITY FOR A P-CARD**

P-Cards are generally issued to employees who have signing authority as defined in the P-Card and Accounts Payable Approval Limits document attached to this policy.

A P-Card may be issued to an employee who does not meet the signing authority eligibility criteria if the Director and VP for the department approve the employee's P-Card application. This documentation will be maintained by the P-Card administrator.

### **APPLY FOR A P-CARD**

- Complete the P-Card application. The application must be signed off on (approved) by the employee's next level manager and VP. The P-Card Application Form is attached to this policy.
- Forward the completed P-Card application to the P-Card administrator in Finance.
- If the application is approved, the P-Card will be ordered.
- Once the P-Card is received, the employee will be contacted to receive the card and sign the P-Card Agreement.

#### LIMITED OR PROHIBITED USES OF P-CARD

- Alcohol – The cost of alcoholic beverages will not be reimbursable unless submitted by a Centra Executive (VP and above) for a business entertainment purpose.
- Cash advances.
- Cash equivalent gift cards for Centra employees. (Gift cards for non-employees are allowed.)
- Capital purchases.
- Construction projects and IT technical projects.
- Personal services.
- Installment purchases.
- Goods or services specifically restricted by the department/organization.
- Patient medical supplies.
- Minor medical and non-medical equipment that would require prior approval due to space limitations.
- Furniture, curtains, or drapery.
- Electrical items such as: TV's / DVD's / VCR's, appliances, space heaters, humidifiers.
- Copier, computer, printer, fax, scanner, audio visual related equipment
- Office supplies.

#### RECEIPTS

See Accounts Payable Travel and Business Expense Guidelines – for meals and entertainment guidelines for receipts and required documentation. Receipts must be obtained for all purchases. If a receipt is lost, efforts to obtain a duplicate rest with the cardholder and all reasonable efforts should be exhausted to obtain a duplicate. If a receipt and or documentation cannot be obtained, the expense will become the responsibility of the cardholder to reimburse Centra.

Receipts and/or expense reports for meals must be noted with the names and the business association of the recipients of the meal. When making purchases on-line, receipts should be printed at the time an order is placed.

An acceptable receipt generally includes the following information:

- Purchase date
- Vendor name
- Item(s) description
- Quantity
- Unit price
- Total charge

Receipts that do NOT contain the total amount of the charges are not acceptable. Items such as packing slips, incomplete or hand written (by the employee) documents are not considered receipts. Incomplete receipts with insufficient information may result in a request to provide an adequate receipt.

Restaurants - Most restaurants provide a summary receipt as well as a detailed receipt. The DETAILED receipt is the only acceptable receipt for P-Card expense reports – THE SUMMARY RECEIPT IS NOT ACCEPTABLE. If no detailed receipt is provided, the employee may be held responsible for reimbursing Centra for the expense.

Hotels - A hotel confirmation will often not include all applicable charges that have accumulated by the end of the stay. The P-Card monthly reporting package must include a FINAL hotel statement showing the TOTAL CHARGES for the stay.

### CREDIT/SPENDING LIMITS

The Accounts Payable and P-Card limits are maintained in a separate document attached to this policy: Accounts Payable and P-Card Approval-Spend Limits. Any exceptions to these limits must be approved by the Senior VP/CFO. The exception approval will be documented and maintained by the P-Card administrator.

Temporary limit increases may be granted when warranted. These must be documented with the applicable effective dates. The Senior VP/CFO must approve the temporary increase. A current list of employees with temporary increases is maintained by the P-Card administrator.

### APPROVED DESIGNEES

Approved Designees are individuals who are granted signature authority by recommendation of a Vice President or higher position, are approved by the President and whose names are kept on an approved list maintained in Materials Management.

### PERSONAL USE

The intent of the P-Card is not for personal use. All purchases by the cardholder should be for official Centra business. Misuse of the card may result in revocation of the card and disciplinary action up to and including termination and possible criminal charges.

Any unintentional personal use must be reimbursed to Centra. A check for any personal charges must be made out to Centra Health and be submitted to Finance with the monthly reporting package for the month the charge appears.

### CARDHOLDER LIABILITY

Cardholder Liability: The P-card is a corporate credit card and does not affect the cardholder's credit.

### PROCEDURES

The P-Card system simplifies the procurement/disbursement process. Procurement responsibility is delegated to the ordering department enabling an authorized cardholder to place an order directly with the vendor. The P-Card program provides enhanced control for all transactions by producing immediate decisions on specific authorization criteria as explained below.

When the supplier at the point-of-sale requests a purchase authorization, the P-Card system validates the transaction against pre-set limits established when the card is issued. All transactions are approved or declined (instantaneously) based on the P-Card authorization criteria established. The authorization criteria may be adjusted periodically as needed and may include, but is not limited to, the following:

- Number of transactions allowed per day
- Number of transactions allowed per month
- Single purchase limit
- Monthly spending limit
- Approved Merchant Category Codes

The authorization process occurs through the electronic system that supports the P-Card processing services under the Centra bank agreement with SunTrust BankCard, N.A.

### LOST OR STOLEN P-CARDS

- If a P-Card is lost or stolen, the cardholder must immediately notify the P-Card company's fraud department (1-866-495-5411). Once the dispute had been recorded with the fraud department, submit the appropriate paper work to SunTrust. Alert the P-Card administrator of the fraudulent activity and submit a copy of the fraud paper work with the monthly reporting package to Finance.
- The cardholder will be responsible for reporting to the card company and the P-Card administrator any and all information necessary to minimize the liability to Centra for a lost or

stolen card. The negligence of the cardholder in the timely reporting of the lost card may cause the cardholder to incur liability.

#### TRANSFER OR TERMINATION OF CARDHOLDER

- **Transfer to New Position or Department** - If a cardholder transfers to a new position with Centra, the next level manager must evaluate the need to turn in the P-Card or change the cost center of the card based on the continued appropriateness of the account numbers associated with the P-Card and the cardholder's need for a card in their new position. The P-Card administrator must be notified of transferring employee with an active P-Card.
- **Extended Leave** - If an employee will be on extended leave, alert the P-Card administrator so the card can be suspended until the employee returns from leave.
- **Collect P-Card** - When an employee ends his or her employment, the next level manager must collect the P-Card and send it to the P-Card administrator along with any missing monthly reporting packages to Finance.
- **Cancel Card** - If the department is unable to collect the P-Card when an employee terminates, the next level manager must immediately notify the P-Card administrator to cancel the card.
- **P-Card System Access & P-Card Deactivation** - The P-Card System administrator receives notification from directors and managers of terminations of P-Card holders so appropriate actions can be completed in the system to terminate the employee's ability to charge or otherwise access the system.
- **Expense Reporting** – The card holder's manager must ensure that any outstanding P-Card monthly reporting packages are completed and submitted to Finance.

#### P-CARD INVENTORY

The P-Card administrator will provide to each department a list from the P-Card company of P-Cards issued to its employees on an annual basis. Departments must conduct a physical inventory of P-Cards and provide a report of the results of the inventory to the P-Card administrator. If the inventory report is not given to the P-Card administrator, all cards in the department will be suspended.

#### RECEIPT OF GOOD OR SERVICES

The vendor must deliver all items purchased by telephone within the 30-day billing cycle. The order should not be placed without this assurance.

#### DISPUTES

It is the Cardholder's responsibility to notify SunTrust when there is a need to dispute a charge.

**Notify The P-Card Administrator of Disputes** - Cardholders or delegates will attempt to resolve disputes or billing errors directly with the supplier or report the fraudulent charges to the SunTrust fraud department. Cardholders will notify the P-Card administrator of the dispute or error if it is not resolved promptly.

**Defective Items** - If items purchased with the P-Card are defective, the cardholder must return the item(s) to the vendor for replacement or credit. If the service paid for with a P-Card is faulty, the vendor must be notified and asked to correct the situation or provide credit. If the vendor refuses to replace or correct the faulty item or service, the purchase will be considered in dispute.

**Timely Actions Required** - It is essential that the time frames and documentation requirements established by the P-Card issuer be followed to protect the cardholder's rights in dispute.

**Dispute Procedure:**

In ESP, the transaction can be marked DISPUTE and this process will pre-populate a dispute form. Print the form, complete it and the cardholder must sign the form. Depending on the reason for the dispute, the cardholder may be required to send additional information with the dispute form. The cardholder will then need to call the fraud department to report the fraud. Without the necessary documentation, SunTrust will not be able to proceed with the dispute.

The cardholder must send completed and signed Customer Statement of Disputed Charges Form to SunTrust via fax to 407-762-5405 or emailed to [CMLDisputes@SunTrust.com](mailto:CMLDisputes@SunTrust.com). SunTrust will send a confirmation of receipt to the name and address on the account or if requested, to the program administrator. If the confirmation letter is not received in 14 days, please follow up by calling 800-836-8562 or email [CMLDisputes@SunTrust.com](mailto:CMLDisputes@SunTrust.com).

A new card will be issued to the cardholder. If card is not received in 14 days, alert the P-Card administrator.

Cardholders must include a copy of the Customer Statement of Disputed Charges Form with the monthly reporting package for applicable statement period.

#### MONTHLY BILLING CYCLE

The monthly billing cycle for the P-Cards runs from the 26<sup>th</sup> through the 25<sup>th</sup> of each month.

#### REVIEW OF TRANSACTIONS

After the end of each monthly billing cycle the cardholder or delegate will review each month's transactions to verify the validity of each transaction. Erroneous transactions should be disputed according to Centra P-Card policy.

The P-Cardholders or departmental designees will review each P-Card transaction to ensure the goods or services were necessary, for official use, and conditions were complied with for the card purchase.

When purchases are questioned, the next level manager or P-Card representative will be responsible for resolving the issue with the cardholder. If the next level manager cannot be satisfied that the purchase was necessary and for official use, the cardholder must provide either a credit voucher proving the item(s) were returned for credit or a personal check for the full amount of the purchase. Checks must be sent to Finance with an explanation and account number.

Serious or repeated misuse of the P-Card will result in the revocation of the card. The cardholder's manager, on a case-by-case basis, will be responsible for disciplining employees incorrectly using their P-Card.

#### TRANSACTION CODING

The cardholders or their designees must code each transaction to the proper accounts. If there are any questions these should be directed to the P-Card administrator. All transactions must be coded by 5:00 PM the last calendar day of each month for the previous month's billing cycle ended the 25<sup>th</sup>.

#### TRANSACTION COMMENTS

Cardholders must enter a comment in the appropriate field for each transaction to explain the reason for the purchase. Insufficient comments may be subject to further review when audited.

#### MONTHLY REPORTING REQUIREMENTS

Each cardholder will receive an individual billing statement at his/her office each month by mail. The statement will list all transactions processed during the previous billing cycle. If no purchases were made on the P-Card during the billing cycle, no statement will be generated unless adjustments for previously billed transactions have been processed during the cycle.

The cardholder must review the statement and note any errors, filing disputes if necessary using the ESP system. Receipts for all items listed on the statement should be attached to the statement. After determining all charges are valid the cardholder and/or designated department P-Card representative should sign off on the P-Card statement certifying that all charges are appropriate, authorized, and that attached receipts substantiate all charges.



Once the cardholder/department P-Card representative has reviewed all statements for which he/she is responsible for, the monthly reporting package is submitted to the next level supervisor for approval and signature before sending to Finance.

**Monthly Reporting Package:**

- Cardholder signed/approved monthly billing cycle statement
- Cardholder's next level supervisor signed/approved expense report
- Complete set of receipts to substantiate all charges

**Monthly Reporting Package Due Date:**

The monthly reporting package is due to Finance by the 20<sup>th</sup> of each month for the previous billing cycle ended the 25<sup>th</sup>.

For example: The reports for the billing cycle ended September 25<sup>th</sup> are due by October 20<sup>th</sup>.

An incomplete monthly reporting package constitutes a late submission unless the missing items are forwarded to Finance within five days of request.

**P-CARD SUSPENSION**

A cardholder's account will be suspended for two violations to this P-Card Policy:

1. If transactions are not coded by the monthly deadline.
2. Cardholders who submit their monthly reporting packages in excess of 30 days beyond the due date.

A request for reinstatement must be forwarded by the P-Card administrator to reactivate the suspended P-Card. This is done after either the missing coding information is forwarded to Finance or the late monthly reporting packages are received in Finance.

**P-CARD TERMINATION:**

A cardholder's account will be terminated for the following repeated violations:

1. If there are more than three months in a 12 rolling month period in which transactions are not coded by the deadline.
2. Cardholders who submit late monthly reporting packages in excess of three times within a 12 rolling month period.

To re-instate a terminated card a P-Card application must be filled out and approved by the department VP, the Senior VP/CFO, and Finance.

**SUMMARY OF RESPONSIBILITIES**

The following is a summary of the responsibilities of the individuals involved in the P-Card system,

**Cardholder or Designated P-Card Representative**

- Holds and secures P-Cards.
- Ensure use of card is according to Centra P-Card policy.
- Orders approved materials and services.
- Collects and saves sales receipts.
- Matches receipts with monthly card statement.
- Review transactions and enter comments explaining business purpose in comment section.
- Reviews monthly statements for validity of all transactions.
- Reviews monthly charges with supervisor.
- Codes transactions in P-Card system with appropriate account numbers.

- Identifies disputed charges.
- Signs the monthly statement verifying charges.
- Verifies the appropriateness of cost center codes and account codes.
- Forwards complete and accurate monthly reporting package to next level supervisor for approval.

Department Director (Or Next Level Supervisor, if applicable)

- If the department director is a next level supervisor for a cardholder - Forwards APPROVED statement, expense report, and supporting receipts (monthly reporting package) to Finance for approval by the policy deadline.
- Ensures P-Card charges for self and subordinates are in accordance with Centra P-Card policy and are for the benefit of Centra.
- Reviews the monthly P-Card expenditures to ensure there is no evidence of excessive spending.
- Statement periods end the 25th day of each month. The employee/card holder has until the 20th of each month to submit the COMPLETE reporting package to Finance.
- Requests P-Cards for designated employees. Requests are made in writing.
- Designates supervisors responsible for authorizing charges.
- Collects and forwards cards from cardholders who terminate employment to P-Card administrator.
- Ensures outstanding monthly reporting packages for terminated employees are submitted to Finance.
- Evaluates the need to cancel or reissue cards when employees transfer.
- Notifies the P-Card administrator when cards are not collected from terminated employees.

P-Card Administrator

- Coordinates issuance and cancellation of cards.
- Coordinates program policy issues.
- Participates in ongoing program reviews.
- Coordinates and maintains internal controls.
- Maintains policy and cardholder guides/manuals.
- Establishes and monitors benchmarking objectives.
- Handles terminations according to policy.
- Finance Department
- Receives approved monthly reporting packages from all cardholders.
- Receives consolidated statement from P-Card issuer.
- Confirms that all charges are authorized by the appropriate person.
- Notifies departments when approved monthly reporting packages are not received on a timely basis. If the proper documentation is not received within five days, the card will be suspended.
- Pays all monthly charges from consolidated statement.
- Processes accounting data.
- Files/stores statements, receipts, etc.
- Administers 1099 reporting.
- Handle terminations according to policy.

Material Management

- Pursues supplier discount opportunities.
- Evaluates P-Card feedback from suppliers.
- Audits P-Card summary monthly to ensure policies are adhered to.
- Counsels cardholders.

EXCEPTIONS

Exceptions to this policy must be approved by the President/CEO or Senior VP/CFO. Documentation of the exception approval must be maintained in Finance by the P-card administrator.

#### Emergent Purchasing Need

If an emergent need arises that requires the use of the P-Card vs. the normal purchasing process, contact the Purchasing Manager via phone at 434-200-4807, or email at [becky.talley@centrahealth.com](mailto:becky.talley@centrahealth.com) for approval prior to the purchase.

**EQUIPMENT:** None

**FORMS:** All forms referenced are in the attachments section. Attachments that need to be updated are attached to original e-mail.

**REFERENCES:** None

**INTERDISCIPLINARY REVIEW:** Finance, Board Committee



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